UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
Amendment No. 1

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **April 1, 2022**

Evolution Petroleum Corporation

(Exact name of registrant as specified in its charter)

001-32942
(Commission File Number)

Nevada	**41-1781991**
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

1155 Dairy Ashford Road, Suite 425, Houston, Texas	**77079**
(Address of Principal Executive Offices)	(Zip Code)

(713) 935-0122
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Trading Symbol(s)**	**Name of Each Exchange On Which Registered**
Common Stock, $0.001 par value	EPM	NYSE American

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Item 1.01 Entry into a Material Definitive Agreement.

On April 6, 2022, Evolution Petroleum Corporation (the "Company") filed a Current Report on Form 8-K (the "Initial Report") to announce the closing of the Company's acquisition of non-operated oil and natural gas assets in the Jonah Field in Sublette County, Wyoming (the "Transaction") from Exaro Energy III, LLC ("Exaro" or the "Seller"), for a final purchase price of $27.5 million, before customary purchase price adjustments. The Transaction encompassed substantially all of the Seller's assets. The Transaction had an effective date of February 1, 2022 and a closing date of April 1, 2022. This Current Report on Form 8-K/A (the "Amendment") amends and supplements the Initial Report to provide the financial statements for the properties acquired in the Transaction (the "Acquired Jonah Properties") and the pro forma financial information required by Item 9.01 of Form 8-K. No other modifications to the Initial Report are being made by this Amendment. This Amendment should be read in connection with the Initial Report, which provides a more complete description of the Transaction.

Item 9.01 Financial Statements and Exhibits.

(a) ***Financial Statements of Business Acquired.*** Audited consolidated financial statements of Exaro and its subsidiaries comprised of the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, statements of changes in members' equity and statements of cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes to the consolidated financial statements, are included in this filing as Exhibit 99.1 to this Current Report on Form 8-K/A.

Unaudited condensed consolidated financial statements of Exaro and its subsidiaries comprised of the unaudited condensed consolidated balance sheets as of March 31, 2022, and the related unaudited condensed consolidated statements of operations, statements of changes in members' equity and statements of cash flows for the three months ended March 31, 2022, and the related notes to the unaudited condensed consolidated financial statements, are included in this filing as Exhibit 99.2 to this Current Report on Form 8-K/A.

(b) ***Pro Forma Financial Information.*** The unaudited pro forma condensed combined financial information of the Company as of March 31, 2022, and for the nine months ended March 31, 2022 and the year ended June 30, 2021, are set forth in Exhibit 99.3 to this Current Report on Form 8-K/A.

(d) ***Exhibits.***

Exhibit No.	Descriptions
23.1	Consent of Weaver and Tidwell, L.L.P.
23.2	Consent of Netherland, Sewell & Associates, Inc.
99.1	The audited consolidated balance sheets of Exaro Energy III LLC as of December 31, 2021 and 2020, and the audited consolidated statements of operations, statements of changes in members' equity and statements of cash flows of Exaro Energy III LLC, for the years ended December 31, 2021 and 2020, and the notes related thereto.
99.2	The unaudited consolidated balance sheets of Exaro Energy III LLC as of March 31, 2022 and the unaudited consolidated statements of operations, statements of changes in members' equity and statements of cash flows of Exaro Energy III LLC, for the three months ended March 31, 2022, and the related notes thereto.
99.3	Unaudited Pro Forma Condensed Combined Financial Information of the Company as of March 31, 2022 and for the nine months ended March 31, 2022 and the year ended June 30, 2021.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Evolution Petroleum Corporation
(Registrant)

Date:	June 14, 2022	By:	/s/ RYAN STASH
		Name:	Ryan Stash
		Title:	Senior Vice President, Chief Financial Officer and Treasurer

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in Registration Statements (Form S-3, No. 333-265430, Form S-3/A, No. 333-231412, Form S-3, No. 333-193899, and Form S-8, Nos. 333-251233, 333-152136, 333-140182, 333-183746, and 333-216098) of Evolution Petroleum Corporation of our report dated March 2, 2022, relating to the consolidated financial statements of Exaro Energy III LLC for the years ended December 31, 2021 and 2020, which report appears in this Current Report on Form 8-K/A of Evolution Petroleum Corporation dated on June 14, 2022.

/s/ Weaver and Tidwell, L.L.P

Houston, Texas
June 14, 2022

NETHERLAND, SEWELL & ASSOCIATES, INC.

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

We hereby consent to the reference to Netherland, Sewell & Associates, Inc. and to the incorporation of the estimates contained in our "Report on estimated proved developed producing reserves and future revenue, as of April 1, 2022" in the "Supplemental Oil and Gas Reserves Information – Unaudited", and to the incorporation of the estimates contained in our "Report on estimated proved developed producing reserves and future revenue, as of April 1, 2022" in the "Notes to Unaudited Pro Forma Condensed Combined Financial Information" which are included in or made a part of the Current Report on Form 8-K/A of Evolution Petroleum Corporation, dated June 14, 2022. We further consent to the incorporation by reference of references to Netherland, Sewell & Associates, Inc. and to our Report in Evolution Petroleum Corporation's Registration Statements on Form S-3 No. 333-265430, Form S-3/A No. 333-231412, Form S-3 No. 333-193899, Form S-8 Nos. 333-251233, 333-152136, 333-140182, 333-183746, and 333-216098.

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ Richard B. Talley, Jr.
Richard B. Talley, Jr., P.E.
Chief Executive Officer

Houston, Texas
June 14, 2022

EXHIBIT 99.1

Exaro Energy III LLC and Subsidiaries
Consolidated Financial Report
December 31, 2021

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Independent Auditor's Report

To the Members of
Exaro Energy III LLC and Subsidiaries
Houston, Texas

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Exaro Energy III LLC and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued or are available to be issued.

The Members of
Exaro Energy III LLC and Subsidiaries

Auditor's Responsibilities for the Audit* of *the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
March 2, 2022

Consolidated Financial Statements
Exaro Energy III LLC and Subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 9,680,134	$ 2,591,971
Accounts receivable	2,339,923	968,376
Prepaid expenses	416,633	191,542
Due from related parties	9,815	9,815
Total current assets	12,446,505	3,761,704
PROPERTY AND EQUIPMENT		
Oil and gas properties - successful efforts method of accounting	295,098,875	294,855,417
Furniture, fixtures and equipment	152,865	152,865
	295,251,740	295,008,282
Less accumulated depletion, depreciation, amortization and impairment	(265,851,740)	(260,996,164)
Total property and equipment, net	29,400,000	34,012,118
OTHER ASSETS		
Gas processing deposit	1,150,000	1,150,000
Other	1,990	1,990
Total other assets	1,151,990	1,151,990
TOTAL ASSETS	$ 42,998,495	$ 38,925,812

The Notes to Consolidated Financial Statements are an integral part of these statements.

	2021	2020
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 4,004,812	$ 2,906,596
Short-term derivative liability	3,929,713	255,174
Interest payable	80,366	96,000
Total current liabilities	8,014,891	3,257,770
NON-CURRENT LIABILITIES		
Asset retirement obligations	5,058,677	4,727,737
Long-term debt, net of deferred loan costs of $148,090 and $247,355	9,751,910	12,352,645
Derivative liability	482,099	114,398
Total non-current liabilities	15,292,686	17,194,780
Total liabilities	23,307,577	20,452,550
MEMBERS' EQUITY	19,690,918	18,473,262
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 42,998,495	$ 38,925,812

Exaro Energy III LLC and Subsidiaries
Consolidated Statements of Operations
Years Ended December 31, 2021 and 2020

	2021	2020
REVENUES, net		
Natural gas	$ 22,597,761	$ 12,924,738
Oil	3,232,956	2,136,145
Liquids, net of processing fees	458,641	(899,034)
(Loss) income on derivative contracts, net	(7,797,458)	277,736
Total revenues	18,491,900	14,439,585
OPERATING EXPENSES		
Lease operating	7,162,939	7,071,913
Marketing expense	252,603	187,832
Production and ad valorem taxes	2,744,277	1,333,436
Workovers	48,952	25,167
Depreciation, depletion and amortization	2,663,380	4,194,354
Impairment	2,192,196	-
Accretion	330,940	309,291
General and administrative	1,302,850	1,472,522
Total operating expenses	16,698,137	14,594,515
Income (loss) from operations	1,793,763	(154,930)
OTHER (EXPENSE) INCOME		
Interest expense	(681,107)	(815,706)
Forgiveness of PPP loan	105,000	-
Total other (expense) income	(576,107)	(815,706)
NET INCOME (LOSS)	$ 1,217,656	$ (970,636)

The Notes to Consolidated Financial Statements are an integral part of these statements.

Exaro Energy III LLC and Subsidiaries
Consolidated Statements of Changes in Members' Equity
Years Ended December 31, 2021 and 2020

BALANCE, January 1, 2020	$ 19,443,898
Net loss	(970,636)
BALANCE, December 31, 2020	18,473,262
Net income	1,217,656
BALANCE, December 31, 2021	$ 19,690,918

The Notes to Consolidated Financial Statements are an integral part of these statements.

Exaro Energy III LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 1,217,656	$ (970,636)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation, depletion and amortization	2,663,380	4,194,354
Impairment	2,192,196	-
Amortization of deferred loan costs	99,265	112,859
Forgiveness of PPP loan	(105,000)	-
Accretion	330,940	309,291
Derivative loss (gain) not associated with cash settlement	4,042,240	(86,792)
Changes in operating assets and liabilities		
Accounts receivable	(1,371,547)	680,695
Prepaid expenses	(225,091)	8,676
Accounts payable and accrued liabilities	1,098,216	(925,697)
Interest payable	(15,634)	(99,495)
Net cash provided by operating activities	9,926,621	3,223,255
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures - oil and gas properties	(243,458)	(367,179)
Net cash used in investing activities	(243,458)	(367,179)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(2,700,000)	(6,339,829)
PPP Loan	105,000	-
Loan costs	-	(33,101)
Net cash used in financing activities	(2,595,000)	(6,372,930)
Net increase (decrease) in cash and cash equivalents	7,088,163	(3,516,854)
CASH AND CASH EQUIVALENTS, beginning of year	2,591,971	6,108,825
CASH AND CASH EQUIVALENTS, end of year	$ 9,680,134	$ 2,591,971
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 543,647	$ 802,342

The Notes to Consolidated Financial Statements are an integral part of these statements.

Note 1. Nature of Business

Exaro Energy III LLC and Subsidiaries (the Company) is a privately-held Delaware limited liability company headquartered in Houston, Texas, with offices in Houston, Texas. The Company was formed on March 19, 2012 to pursue oil and gas exploration and production opportunities.

On April 1, 2012, the Company entered into its initial project, an Earning and Development Agreement (the Development Agreement) between the Company and Encana Oil & Gas (USA) Inc. (Encana) relating to a development drilling program within a defined area of Encana's Jonah Field asset located in Sublette County, Wyoming. Under the terms of the Development Agreement, the Company agreed to fund up to $380,000,000 towards the costs of drilling, completing, and plugging and abandonment of wells to be drilled in the defined area of the Jonah Field. The Company was to receive up to 32.5% of Encana's working interest in the wells drilled and funded under the agreement as well as in Encana's existing producing wells and leases in the defined area.

Effective May 12, 2014, the Development Agreement was assigned to Jonah Energy LLC (Jonah Energy) in conjunction with their purchase of Encana's interests in the Jonah Field. Exaro notified Jonah Energy, effective May 12, 2014, that it was electing to terminate the Development Agreement. Under the Development Agreement, there is a 90-day wind-down period once a termination notice has been given, which resulted in an August 12, 2014 formal end date for the Development Agreement. Effective August 13, 2014, Exaro is continuing to participate in additional drilling in the Jonah Field, with working interests ranging from 14.62% to 32.5%, under the terms of the Joint Operating Agreement that was also assigned by Encana to Jonah Energy.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Exaro Energy III LLC and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable at December 31, 2021 and 2020 primarily consists of amounts due from oil and gas purchasers. The Company's allowance is determined based upon reviews of individual accounts, historical losses, existing economic conditions and other pertinent factors. The Company has not provided for an allowance for doubtful accounts, based on management's expectations that all receivables at year-end will be fully collected.

Oil and Gas Properties

The Company uses the successful efforts method of accounting for oil and gas operations. Costs incurred by the Company related to the acquisition of oil and gas properties and the cost of drilling development wells and successful exploratory wells are capitalized, while the cost of unsuccessful exploratory wells are expensed when determined to be unsuccessful.

Costs incurred to maintain wells and related equipment, lease and well operating costs and other exploration costs are charged to expense as incurred. Gains and losses arising from sales of properties are generally included in income.

Capitalized acquisition costs attributable to proved oil and gas properties are depleted by field, using the unit-of-production method based on proved reserves. Capitalized well costs and development costs are amortized similarly by field, based on proved developed reserves.

Capitalized costs are evaluated for impairment in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 360 (ASC Topic 360), *Accounting for the Impairment* or Disposal of *Long Lived* Assets, whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable.

To determine if a depletable unit is impaired, the Company compares the carrying value of the depletable unit to the undiscounted future net cash flow estimates over the economic life of the property. Future net cash flows are based upon reservoir engineers' estimates of proved reserves. For a property determined to be impaired, an impairment loss equal to the difference between the carrying value and the estimated fair value of the impaired property will be recognized. Fair value, on a depletable unit basis, is estimated to be the present value of the aforementioned expected future net cash flows. The Company recorded impairment expense totaling $2,192,196 and $0 for the years ended December 31, 2021 and 2020, respectively.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are stated at cost. Major improvements or betterments are capitalized, while repairs that do not improve or extend the life of the respective assets are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is reflected in the results of operations for the period. Depreciation is provided for using straight-line method over three to five years.

Derivative Financial Instruments

Financial derivatives are used as part of the Company's overall risk management strategy in order to reduce the effects of price fluctuations on anticipated future sales of natural gas. These derivative contracts require financial settlements with counterparties based on the differential between a fixed price and a market price for a fixed quantity of natural gas without the exchange of underlying volumes. The notional amounts of these derivative contracts are based on expected production from existing wells. As of December 31, 2021 and 2020, the total notional amount of the derivative instruments was 3,274,554 and 6,631,022 mmbtu for swaps, with contract dates running from January 2022 through January 2023. As of December 31, 2021 and 2020, the total notional amount of the derivative instruments was 3,010,974 and 3,169,338 mmbtu for options, with contract dates running from January 2022 through January 2023.

In accordance with FASB Accounting Standards Codification (ASC) 815-30, *Accounting for Derivatives* and *Hedging,* as amended, all derivative instruments are measured periodically and at year-end are recorded on the consolidated balance sheets at fair value. Derivative contracts that are designated as part of a qualifying cash flow hedge, per the requirements of FASB ASC 815-30, are granted hedge accounting thereby allowing the Company to treat the effective changes in the fair value of the derivative instrument in accumulated other comprehensive income, while recording the ineffective portion as an adjustment to unrealized gain (loss). Derivative contracts that are not designated as part of a valid qualifying hedge or fail to meet the requirements of the pronouncement as a highly effective hedge, are treated by recording the changes in the fair value from period-to-period, through earnings. The amounts paid or received upon each monthly settlement, are recorded as derivative gain (loss) with the offset recorded to cash. These monthly settlements are included in total revenues on the Company's consolidated statements of operations.

The Company elected not to designate any of its derivative contracts as qualifying hedges for financial reporting purposes, therefore all of the derivative instruments are categorized as standalone derivatives and are being marked-to-market with unrealized gains and losses recorded in the consolidated statements of operations. At December 31, 2021, the following contracts were outstanding:

Period	Volume	Average Call Price	Average Put Price	Average Contract Price	Asset / (Liability)
Natural gas	MMBTU				
Swap - sell					
01/01/22 - 12/31/22	3,034,124	$ -	$ -	$ 2.57	$ (3,020,267)
01/01/23 - 01/31/23	240,430	-	-	2.57	(348,323)
Total swaps	3,274,554				(3,368,590)
Options					
01/01/22 - 12/31/22	2,770,544	3.13	2.45	-	(909,446)
01/01/23 - 01/31/23	240,430	3.13	2.45	-	(133,777)
Total options	3,010,974				(1,043,222)
Total	6,285,528				$ (4,411,812)

The following table summarizes the fair value and classification of the Company's derivative instruments, all of which have not been designated as hedging instruments under FASB ASC 815 at December 31, 2021 and 2020, respectively:

	Consolidated Balance Sheet Location	Fair Value at December 31, 2021	Fair Value at December 31, 2020
Natural gas swaps and options	Derivative liability - current	$ (3,929,713)	$ (255,174)
	Derivative liability - non-current	$ (482,099)	$ (114,398)

The following table summarizes the effect of the Company's derivative instruments in the consolidated statements of operations:

Derivatives not Designated as Hedging Instruments Under ASC 815	Location of Gain (Loss)	Year ending December 31, 2021	Year ending December 31, 2020
Natural gas swaps and options	Realized (loss) gain on derivative contracts	$ (3,755,218)	$ 190,944
Natural gas swaps and options	Unrealized (loss) gain on derivative contracts	$ (4,042,240)	$ 86,792

Revenue Recognition

Effective January 1,2019, the Company adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (referred to as Topic 606) with the underlying principle that an entity will recognize revenue to reflect amounts expected to be received in exchange for the provision of goods and services to customers upon the transfer of control of those goods and services. The Company's revenues are primarily derived from its interests in the sale of oil and natural gas production. The Company recognizes revenue from its interests in the sales of oil and natural gas in the period that its performance obligations are satisfied. Performance obligations are satisfied when the customer obtains control of product, when the Company has no further obligations to perform related to the sale, when the transaction price has been determined and when collectability is probable. The sales of oil are made under contracts which the third-party operators of the wells have negotiated with customers, which typically include variable consideration that is based on pricing tied to local indices and volumes delivered in the current month. The sales of gas are made under contracts made by the Company (through its marketing agent) with its customers. These contracts also include variable pricing tied to local indices and volumes delivered in the current month. The Company receives payment from the sale of oil and natural gas production from one to three months after delivery. At the end of each month when the performance obligation is satisfied, the variable consideration can be reasonably estimated and amounts due from customers are accrued in trade receivables, net in the balance sheets. Variances between the Company's estimated revenue and actual payments are recorded in the month the payment is received, however, differences have been and are insignificant. Accordingly, the variable consideration is not constrained.

The Company does not disclose the value of unsatisfied performance obligations under its contracts with customers as it applies the practical exemption in accordance with ASC 606. The exemption, as described in ASC 606-10-50-14(a), applies to variable consideration that is recognized as control of the product is transferred to the customer. Since each unit of product represents a separate performance obligation, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

The Company's oil is typically sold at delivery points under contracts terms that are common in its industry. The Company's natural gas produced is delivered to various purchasers at agreed upon delivery points under a limited number of contract types that are also common in the industry. Regardless of the contract type, the terms of these contracts compensate the well operators for the value of the oil at specified prices, and then the well operators will remit payment to the Company for its share in the value of the oil. The customers will remit payment to the Company directly for the value of gas sold.

The Company's disaggregated revenue has three revenue sources which are oil sales, natural gas and NGL sales and only operates in one geographic area, the Jonah Field in Wyoming.

Income Taxes

A limited liability company is not subject to the payment of federal income taxes as components of its income and expenses flow through directly to the members. Accordingly, no provision for federal income taxes has been reflected in these consolidated financial statements. However, the Company may be subject to certain state income taxes.

Effective March 12, 2012, the date of inception, the Company implemented the provisions of FASB ASC Topic 740, *Income* Taxes (ASC Topic 740) regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The income tax position taken by the Company for any years open under the various statutes of limitations is that the Company continues to be exempt from federal income taxes by virtue of being a limited liability company pass-through entity. Management believes this tax position meets the more-likely-than-not threshold and, accordingly, the tax benefits of this income tax position (no income tax expense or liability) have been recognized for the years ended December 31, 2021 and 2020.

The Company records income tax related interest and penalties as a component of the provision for income tax expense. No interest and penalties were recognized in the statements of operations for 2021 and 2020.

The Company believes that there are no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within 12 months of the reporting date.

None of the Company's federal or state income tax returns are currently under examination by the Internal Revenue Service (IRS) or state authorities. However, fiscal year 2016 and forward remain subject to examination by the IRS and respective states.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions that, in the opinion of management of the Company, are significant include oil and natural gas reserves, amortization relating to oil and natural gas properties, impairment of proved oil and gas properties, asset retirement obligations and valuations of derivatives. The Company evaluates its estimates and assumptions on a regular basis. Estimates are based on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. In addition, alternatives can exist among various accounting methods. In such cases, the choice of accounting method can have a significant impact on reported amounts.

Concentrations of Credit Risk

The Company maintains cash balances at financial institutions in the United States of America, which exceed federally insured amounts. The Company has not experienced any losses in such accounts.

The Company had sales to five customers which accounted for 100% of both oil and gas revenues and oil and gas receivables as of December 31, 2021 and 2020. All of the Company's production is located in Wyoming.

Environmental

The Company's operations are subject to risks normally incident to the exploration for and the production of oil and gas, including blowouts, fires, and environmental risks such as oil spills or gas leaks that could expose the Company to liabilities associated with these risks.

In the Company's acquisition of existing or previously drilled well bores, the Company may not be aware of what environmental safeguards were taken at the time such wells were drilled or during such time the wells were operated. The Company and the operator of the properties maintain comprehensive insurance coverage that the Company believes is adequate to mitigate the risk of any adverse financial effects associated with these risks.

However, should it be determined that a liability exists with respect to any environmental cleanup or restoration, the liability to cure such a violation could still fall upon the Company. No claim has been made, nor is the Company aware of any liability which the Company may have, as it relates to any environmental cleanup, restoration, or the violation of any rules or regulations relating thereto.

In addition, the Company is subject to extensive regulation at the federal and state levels that may materially affect its operations.

Asset Retirement Obligations

The Company follows ASC 410, Asset *Retirement and Environmental Obligations.* ASC 410 requires that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which a legal obligation is incurred and becomes determinable, with an offsetting increase in the carrying amount of the associated asset. The cost of the tangible asset, including the initially recognized ARO is depreciated such that the cost of ARO is recognized over the useful life of the asset. The ARO is recorded at fair value, and accretion expense will be recognized over time as the discounted liability is accreted to its expected settlement value. The fair value of the ARO is measured using expected future cash outflows discounted at the Company's credit-adjusted risk-free interest rate.

Inherent in the fair value calculation of ARO are numerous assumptions and judgments, including the ultimate settlement amounts, inflation factors, credit adjusted discount rates, timing of settlement, and changes in the legal, regulatory, environmental and political environments. To the extent future revisions to these assumptions impact the fair value of the existing ARO liability, a corresponding adjustment is made to the oil and gas property balance.

The following table is a roll-forward of the asset retirement obligations for the years ended December 31, 2021 and 2020, respectively:

Asset retirement obligations, January 1, 2020	$4,418,446
Accretion expense	309,291
Asset retirement obligations, December 31, 2020	4,727,737
Accretion expense	330,940
Asset retirement obligations,December 31, 2021	$5,058,677

Deferred Loan Costs

Debt issuance costs consist of fees incurred to secure debt financing and are amortized over the life of the related loans using the straight-line method. Amortization of debt issuance costs is recorded in interest expense in the consolidated statements of operations. The Company recognized amortization expense of $99,265 and $112,859 for the years ended December 31, 2021 and 2020, respectively. Debt issuance costs are presented with the term loan facility, net, on the consolidated balance sheets, as a reduction of the carrying amount of the debt facility.

Paycheck Protection Program (PPP)

During fiscal year 2021, the Company received a loan under the Small Business Administration (SBA) Payroll Protection Program (PPP). See Note 5. The Company elected to account for this loan under the Debt Model, ASC 470 which is recognized as debt until forgiven. Derecognition of the liability for any portion of the loan that is forgivable or has been forgiven will occur only when there is a reasonable assurance any conditions attached to the assistance will be met. During 2021, the Company received forgiveness of the PPP and recorded the forgiveness in other income on the consolidated statement of operations.

Note 3. Oil and Gas Operations

Capitalized costs related to the Company's producing activities and the related amounts of accumulated depreciation, depletion, amortization and impairment as of December 31, 2021 and 2020, respectively, are as follows:

	2021	2020
Oil and gas properties Proved	$ 295,098,875	$ 294,855,417
Less accumulated depreciation, depletion, amortization and impairment	(265,698,875)	(260,843,297)
Net oil and gas property costs	$ 29,400,000	$ 34,012,120

Depreciation, depletion and amortization expense for oil and gas properties was $2,663,380 and $4,194,354 in 2021 and 2020, respectively.

Note 4. Fair Value Disclosure

The Company follows FASB ASC 820, *Fair Value Measurements* and *Disclosures,* which defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

ASC Topic 820 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. ASC Topic 820 provides a framework for measuring fair value, establishes a three level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date and requires consideration of the counterparty's creditworthiness when valuing certain assets.

Level 1 inputs: Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs: Inputs, other than quoted prices in active markets that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 inputs: Prices or valuations that require unobservable inputs that are both significant to the fair value measurement and unobservable. Valuation under Level 3 generally involves a significant degree of judgment from management.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value as of December 31, 2021 and 2020:

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Current assets (liability) - Derivative contracts	$ -	$ (3,929,713)	$ -	$ (3,929,713)
Non-current assets (liability) - Derivative contracts	$ -	$ (482,099)	$ -	$ (482,099)

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Current assets (liability) - Derivative contracts	$ -	$ (255,174)	$ -	$ (255,174)
Non-current assets (liability) - Derivative contracts	$ -	$ (114,398)	$ -	$ (114,398)

Fair Value on a Nonrecurring Basis

Asset *Retirement Obligations*

The asset retirement obligation estimates are derived from historical costs and management's expectation of future cost environments and, therefore, the Company has designated these liabilities as Level 3 measurements. The significant inputs to this fair value measurement include estimates of plugging, abandonment and remediation costs, well life, inflation and credit-adjusted risk free rate. See Note 2 for a reconciliation of the beginning and ending balances of the liability for the Company's asset retirement obligations.

Impairment expense is derived from a two-step process as discussed in Note 2. The inputs to the two-step process are based on oil and gas reserves which are calculated by a third party reserve engineer. Impairment to oil and gas properties are recognized on a nonrecurring basis as calculated using the two-step process.

Note 5. Long-Term Debt

On January 31, 2019, the Company refinanced its previous loan with another bank (New Loan). The New Loan bears interest at 5.18%, matures January 31, 2023, and is secured by all of the oil and gas properties. At December 31, 2021, the New Loan had an outstanding balance of $9,900,000 with a borrowing base of $10,050,000.

The Company was in compliance with the covenants of the New Loan at December 31, 2021.

The average interest rate was 4.75% and 5.18% for the years ended December 31, 2021 and 2020, respectively.

On March 16, 2021, the Company took out a Payment Protection Program (PPP) Loan from First Horizon bank with an interest rate of 1%. The full amount of the loan plus $434.58 of interest was forgiven on August 17, 2021.

Note 6. Commitments and Contingencies

As of December 31, 2021, there are no known environmental or other regulatory matters related to the Company's operations that are reasonably expected to result in a material liability to the Company. Compliance with environmental laws and regulations has not had, and is not expected to have, a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Since the Company's major products are commodities, changes in the prices of oil and natural gas could have a significant impact on the Company's results of operations in any particular year. The Company's liquidity is dependent on its operating performance, which is closely related to market conditions in the oil and gas industry, and its source of financing.

In the event that market conditions deteriorate, causing a decrease in operating profits, and the Company is unable to secure additional financing sources to fund its operations, additional development of oil and gas properties and other activities may be curtailed.

Note 7. Management Incentive Units

The Company has a Management Incentive Plan (the Incentive Plan) to award management incentive units (MIU's) to key employees and independent contractors of the Company, its Subsidiaries and Affiliates. The Incentive Plan is administered by the Company's Board of Managers (the Board) and is subject to termination, at any time, as determined by the Board. The maximum number of authorized MIUs under the Plan is 1,000,000. As of December 31, 2021 and 2020, 650,000 MIUs have been issued. These MIUs vest and are conditioned upon a contingency event, in accordance with the terms of the Incentive Plan.

Note 8. Subsequent Events

The Company has evaluated events and transactions occurring after the consolidated balance sheet date, for either recognition or disclosure, through March 2, 2022, which is the date these consolidated financial statements were available for issuance noting the following:

- On February 8, 2022, the Company entered into a Purchase and Sale Agreement (PSA) to sell all of the oil and gas assets for $29,400,000 to be adjusted in accordance with the PSA.

Supplemental Oil and Gas Reserve Information — Unaudited

The following tables summarize the net ownership interest in the proved oil and natural gas reserves and the standardized measure of discounted future net cash flows (“Standardized Measure”) of the Company at December 31, 2021. The proved oil and natural gas reserve estimates and other components of the Standardized Measure were prepared by third-party reserve engineers, Netherland, Sewell & Associates, Inc. (“NSAI”), in accordance with the authoritative guidance of the Financial Accounting Standards Board and the Securities and Exchange Commission (“SEC”). All of the oil and natural gas producing activities were conducted within the continental United States.

The estimated net proved reserves and related future net revenues and Standardized Measure were determined under the method prescribed by the SEC for the fiscal year ended December 31, 2021. SEC methodology requires the application of the previous 12 months unweighted arithmetic average first-day-of-the-month price, and current costs held constant throughout the projected reserve life, when estimating whether reserve quantities are economical to produce. The unweighted arithmetic average first-day-of-the-month prices for the prior twelve months were $66.55/Bbl for oil and $3.64/MMBtu for natural gas for the twelve months ended December 31, 2021. These prices were adjusted by lease for quality, transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the wellhead.

Estimated Quantities of Proved Oil and Natural Gas Reserves

Proved oil and natural gas reserves are the estimated quantities of oil and natural gas which geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under economic and operating conditions (i.e., prices and costs) existing at the time the estimate is made. Proved developed oil and natural gas reserves are proved reserves that can be expected to be recovered through existing wells and equipment in place and under operating methods being utilized at the time the estimates were made.

The following table sets forth the estimated net proved developed oil and natural gas reserves of the Company at December 31, 2021:

	Oil (MBbl)	Natural Gas (MMcf)	NGLs (MBbl)	MBOE
2021				
Proved reserves				
Net proved reserves at January 1, 2021	263	24,165	246	4,537
Revisions of previous estimates	174	17,556	246	3,346
Extensions, discoveries and other additions	—	—	—	—
Production	(48)	(4,805)	(57)	(906)
Net proved reserves at December 31, 2021	389	36,916	435	6,977
Proved developed reserves, December 31, 2021	389	36,916	435	6,977
Proved undeveloped reserves, December 31, 2021	—	—	—	—

During the periods presented, revisions of previous estimates were primarily attributable to changes in commodity prices. There are numerous uncertainties in estimating quantities of proved reserves, which incorporate estimates of the future rates of production, the timing of development expenditures and other assumptions. The above reserve data represents estimates only, which are inherently imprecise, and estimates of new discoveries and undeveloped locations are more imprecise than estimates of established proved producing oil and natural gas properties. Accordingly, these estimates are subject to substantial revisions as additional information becomes available, such as reservoir performance, additional drilling, technological advancements and other factors. Decreases in the prices of oil or natural gas could have an adverse effect on reserve volumes and discounted future net cash flows related to the proved reserves.

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves

The Standardized Measure represents the present value of estimated future net cash flows from estimated net proved oil and natural gas reserves, less future development, production, plugging and abandonment costs, and income tax expenses, discounted at 10% per annum to reflect timing of future cash flows. Production costs do not include depreciation, depletion and amortization of capitalized acquisition, exploration and development costs.

The Standardized Measure does not purport, nor should be interpreted, to present the fair market value of the Company's proved reserves. It is intended to present a standardized disclosure concerning possible future net cash flows from proved reserves that would result under the assumptions used and ignores future changes in prices and costs and the risks inherent in reserve estimates, among other things. The various assumptions used, including prices, costs, production rates and discount rates, are inherently imprecise. Further, since prices and costs do not remain static, the results are not necessarily indicative of the fair market value of estimated proved reserves. Accordingly, the estimates of future net cash flows from proved reserves and the present value thereof may be materially different than actual subsequent results, and the results may not be comparable to estimates disclosed by other oil and natural gas producers.

The following table sets forth the Standardized Measure of discounted future net cash flows related to the Company's estimated net oil and natural gas reserves at December 31, 2021 (in thousands):

		At December 31, 2021
Future cash inflows	$	190,625
Future production costs and severance taxes		(119,405)
Future development costs		(7,528)
Future income tax expenses		—
Future net cash flows		63,692
10% annual discount for estimating timing of cash flows		(20,021)
Standardized Measure of discounted future net cash flows	$	43,671

The following table sets forth the changes in Standardized Measure of discounted future net cash flows applicable to estimated net proved oil and natural gas reserves of the Company for the period presented (in thousands):

Net proved reserves at January 1, 2021	$	5,418
Net changes in sales prices and production costs related to future production		32,065
Sales of oil and natural gas produced during the period, net of production costs		(16,285)
Net change due to revisions in quantity estimates		22,109
Accretion of discount		542
Net changes in timing of production and other		(178)
Net proved reserves at December 31, 2021	$	43,671

EXHIBIT 99.2

Exaro Energy III LLC and Subsidiaries
Consolidated Balance Sheet
March 31, 2022 (Unaudited)

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 13,027,940
Accounts receivable	2,407,631
Prepaid expenses	515,656
Due from related parties	9,815
Total current assets	15,961,042
PROPERTY AND EQUIPMENT	
Oil and gas properties - successful efforts method of accounting	295,049,040
Furniture, fixtures and equipment	152,865
	295,201,905
Less accumulated depletion, depreciation, amortization and impairment	(266,410,631)
Total property and equipment, net	28,791,274
OTHER ASSETS	
Gas processing deposit	1,150,000
Other	1,990
Total other assets	1,151,990
TOTAL ASSETS	$ 45,904,306
LIABILITIES AND MEMBERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	$ 5,285,147
Short-term derivative liability	3,037,533
Long-term debt, net of deferred loan costs of $119,503	9,480,497
Interest payable	77,070
Total current liabilities	17,880,247
NON-CURRENT LIABILITIES	
Asset retirement obligations	5,147,204
Total non-current liabilities	5,147,204
Total liabilities	23,027,451
MEMBERS' EQUITY	22,876,855
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 45,904,306

The Notes to Consolidated Financial Statements are an integral part of this statement.

Exaro Energy III LLC and Subsidiaries
Consolidated Statement of Operations
Three Month Period Ended March 31, 2022 (Unaudited)

REVENUES, net	
Natural gas	$ 7,636,992
Oil	1,003,207
Liquids, net of processing fees	317,616
Loss on derivative contracts, net	(1,473,263)
Total revenues	7,484,552
OPERATING EXPENSES	
Lease operating	2,026,937
Marketing expense	59,024
Production and ad valorem taxes	966,494
Workovers	56,600
Depreciation, depletion and amortization	558,891
Accretion	88,527
General and administrative	385,302
Total operating expenses	4,141,775
Income from operations	3,342,777
OTHER EXPENSE	
Interest expense	(156,840)
Total other expense	(156,840)
NET INCOME	$ 3,185,937

The Notes to Consolidated Financial Statements are an integral part of this statement.

Exaro Energy III LLC and Subsidiaries
Consolidated Statement of Changes in Members' Equity
Three Month Period Ended March 31, 2022 (Unaudited)

BALANCE, January 1, 2022	$ 19,690,918
Net income	3,185,937
BALANCE, March 31, 2022	$ 22,876,855

The Notes to Consolidated Financial Statements are an integral part of this statement.

Exaro Energy III LLC and Subsidiaries
Consolidated Statement of Cash Flows
Three Month Period Ended March 31, 2022 (Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 3,185,937
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation, depletion and amortization	558,891
Amortization of deferred loan costs	38,261
Accretion	88,527
Derivative gain not associated with cash settlement	(1,374,279)
Changes in operating assets and liabilities	
Accounts receivable	(67,708)
Prepaid expenses	(99,023)
Accounts payable and accrued liabilities	1,280,335
Interest payable	(3,296)
Net cash provided by operating activities	3,607,645
CASH FLOWS FROM INVESTING ACTIVITIES	
Disposal - oil and gas properties	62,457
Capital expenditures - oil and gas properties	(12,622)
Net cash provided by investing activities	49,835
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on long-term debt	(300,000)
Loan costs	(9,674)
Net cash used in financing activities	(309,674)
Net increase in cash and cash equivalents	3,347,806
CASH AND CASH EQUIVALENTS, beginning of period	9,680,134
CASH AND CASH EQUIVALENTS, end of period	$ 13,027,940
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid for interest	$ 548,010

The Notes to Consolidated Financial Statements are an integral part of this statement.

Note 1. Nature of Business

Exaro Energy III LLC and Subsidiaries (the Company) is a privately-held Delaware limited liability company headquartered in Houston, Texas, with offices in Houston, Texas. The Company was formed on March 19, 2012 to pursue oil and gas exploration and production opportunities.

On April 1, 2012, the Company entered into its initial project, an Earning and Development Agreement (the Development Agreement) between the Company and Encana Oil & Gas (USA) Inc. (Encana) relating to a development drilling program within a defined area of Encana's Jonah Field asset located in Sublette County, Wyoming. Under the terms of the Development Agreement, the Company agreed to fund up to $380,000,000 towards the costs of drilling, completing, and plugging and abandonment of wells to be drilled in the defined area of the Jonah Field. The Company was to receive up to 32.5% of Encana's working interest in the wells drilled and funded under the agreement as well as in Encana's existing producing wells and leases in the defined area.

Effective May 12, 2014, the Development Agreement was assigned to Jonah Energy LLC (Jonah Energy) in conjunction with their purchase of Encana's interests in the Jonah Field. Exaro notified Jonah Energy, effective May 12, 2014, that it was electing to terminate the Development Agreement. Under the Development Agreement, there is a 90-day wind-down period once a termination notice has been given, which resulted in an August 12, 2014 formal end date for the Development Agreement. Effective August 13, 2014, Exaro is continuing to participate in additional drilling in the Jonah Field, with working interests ranging from 14.62% to 32.5%, under the terms of the Joint Operating Agreement that was also assigned by Encana to Jonah Energy.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Exaro Energy III LLC and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Company considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable at March 31, 2022 primarily consists of amounts due from oil and gas purchasers. The Company's allowance is determined based upon reviews of individual accounts, historical losses, existing economic conditions and other pertinent factors. The Company has not provided for an allowance for doubtful accounts, based on management's expectations that all receivables at period end will be fully collected.

Oil and Gas Properties

The Company uses the successful efforts method of accounting for oil and gas operations. Costs incurred by the Company related to the acquisition of oil and gas properties and the cost of drilling development wells and successful exploratory wells are capitalized, while the cost of unsuccessful exploratory wells are expensed when determined to be unsuccessful.

Costs incurred to maintain wells and related equipment, lease and well operating costs and other exploration costs are charged to expense as incurred. Gains and losses arising from sales of properties are generally included in income.

Capitalized acquisition costs attributable to proved oil and gas properties are depleted by field, using the unit-of-production method based on proved reserves. Capitalized well costs and development costs are amortized similarly by field, based on proved developed reserves.

Capitalized costs are evaluated for impairment in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 360 (ASC Topic 360), *Accounting for the Impairment or Disposal of Long Lived Assets*, whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable.

To determine if a depletable unit is impaired, the Company compares the carrying value of the depletable unit to the undiscounted future net cash flow estimates over the economic life of the property. Future net cash flows are based upon reservoir engineers' estimates of proved reserves. For a property determined to be impaired, an impairment loss equal to the difference between the carrying value and the estimated fair value of the impaired property will be recognized. Fair value, on a depletable unit basis, is estimated to be the present value of the aforementioned expected future net cash flows. The Company did not record any impairment expense for the period ended March 31, 2022.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are stated at cost. Major improvements or betterments are capitalized, while repairs that do not improve or extend the life of the respective assets are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is reflected in the results of operations for the period. Depreciation is provided for using straight-line method over three to five years.

Derivative Financial Instruments

Financial derivatives are used as part of the Company's overall risk management strategy in order to reduce the effects of price fluctuations on anticipated future sales of natural gas. These derivative contracts require financial settlements with counterparties based on the differential between a fixed price and a market price for a fixed quantity of natural gas without the exchange of underlying volumes. The notional amounts of these derivative contracts are based on expected production from existing wells. As of March 31, 2022, the total notional amount of the derivative instruments was 4,979,568 mmbtu for swaps, with contract dates running from April 2022 through January 2023. As of March 31, 2022, the total notional amount of the derivative instruments was 4,979,568 mmbtu for options, with contract dates running from April 2022 through January 2023.

In accordance with FASB Accounting Standards Codification (ASC) 815-30, *Accounting for Derivatives and Hedging*, as amended, all derivative instruments are measured periodically and at period-end are recorded on the consolidated balance sheet at fair value. Derivative contracts that are designated as part of a qualifying cash flow hedge, per the requirements of FASB ASC 815-30, are granted hedge accounting thereby allowing the Company to treat the effective changes in the fair value of the derivative instrument in accumulated other comprehensive income, while recording the ineffective portion as an adjustment to unrealized gain (loss). Derivative contracts that are not designated as part of a valid qualifying hedge or fail to meet the requirements of the pronouncement as a highly effective hedge, are treated by recording the changes in the fair value from period-to-period, through earnings. The amounts paid or received upon each monthly settlement, are recorded as derivative gain (loss) with the offset recorded to cash. These monthly settlements are included in total revenues on the Company's consolidated statement of operations.

The Company elected not to designate any of its derivative contracts as qualifying hedges for financial reporting purposes, therefore all of the derivative instruments are categorized as standalone derivatives and are being marked-to-market with unrealized gains and losses recorded in the consolidated statement of operations. At March 31, 2022, the following contracts were outstanding:

Period	Volume	Average Call Price	Average Put Price	Average Contract Price	Asset / (Liability)
Natural gas	MMBTU				
Swap - sell					
01/01/22 - 12/31/22	4,498,708	$ -	$ -	$ 2.03	$ (2,744,209)
01/01/23 - 01/31/23	480,860	-	-	2.03	(293,324)
Total swaps	4,979,568				(3,037,533)
Options					
04/01/22 - 12/31/22	4,498,708	3.13	2.45	-	-
01/01/23 - 01/31/23	480,860	3.13	2.45	-	-
Total options	4,979,568				-
Total	9,959,136				$ (3,037,533)

The following table summarizes the fair value and classification of the Company's derivative instruments, all of which have not been designated as hedging instruments under FASB ASC 815 at March 31, 2022:

	Consolidated Balance Sheet Location	Fair Value at March 31, 2022
Natural gas swaps and options	Derivative liability - current	$ (3,037,533)

The following table summarizes the effect of the Company's derivative instruments in the consolidated statement of operations:

Derivatives not Designated as Hedging Instruments Under ASC 815	Location of Gain (Loss)	Period ending March 31, 2022
Natural gas swaps and options	Realized loss on derivative contracts	$ (2,847,542)
Natural gas swaps and options	Unrealized gain on derivative contracts	$ 1,374,279

Revenue Recognition

Effective January 1,2019, the Company adopted Accounting Standards Update (ASU)2014-09, Revenue from Contracts with Customers (referred to as Topic 606) with the underlying principle that an entity will recognize revenue to reflect amounts expected to be received in exchange for the provision of goods and services to customers upon the transfer of control of those goods and services. The Company's revenues are primarily derived from its interests in the sale of oil and natural gas production. The Company recognizes revenue from its interests in the sales of oil and natural gas in the period that its performance obligations are satisfied. Performance obligations are satisfied when the customer obtains control of product, when the Company has no further obligations to perform related to the sale, when the transaction price has been determined and when collectability is probable. The sales of oil are made under contracts which the third-party operators of the wells have negotiated with customers, which typically include variable consideration that is based on pricing tied to local indices and volumes delivered in the current month. The sales of gas are made under contracts made by the Company (through its marketing agent) with its customers. These contracts also include variable pricing tied to local indices and volumes delivered in the current month. The Company receives payment from the sale of oil and natural gas production from one to three months after delivery. At the end of each month when the performance obligation is satisfied, the variable consideration can be reasonably estimated and amounts due from customers are accrued in trade receivables, net in the balance sheet. Variances between the Company's estimated revenue and actual payments are recorded in the month the payment is received, however, differences have been and are insignificant. Accordingly, the variable consideration is not constrained.

The Company does not disclose the value of unsatisfied performance obligations under its contracts with customers as it applies the practical exemption in accordance with ASC 606. The exemption, as described in ASC 606-10-50-14(a), applies to variable consideration that is recognized as control of the product is transferred to the customer. Since each unit of product represents a separate performance obligation, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

The Company's oil is typically sold at delivery points under contracts terms that are common in its industry. The Company's natural gas produced is delivered to various purchasers at agreed upon delivery points under a limited number of contract types that are also common in the industry. Regardless of the contract type, the terms of these contracts compensate the well operators for the value of the oil at specified prices, and then the well operators will remit payment to the Company for its share in the value of the oil. The customers will remit payment to the Company directly for the value of gas sold.

The Company's disaggregated revenue has three revenue sources which are oil sales, natural gas and NGL sales and only operates in one geographic area, the Jonah Field in Wyoming.

Income Taxes

A limited liability company is not subject to the payment of federal income taxes as components of its income and expenses flow through directly to the members. Accordingly, no provision for federal income taxes has been reflected in these consolidated financial statements. However, the Company may be subject to certain state income taxes.

Effective March 12, 2012, the date of inception, the Company implemented the provisions of FASB ASC Topic 740, *Income Taxes* (ASC Topic 740) regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The income tax position taken by the Company for any years open under the various statutes of limitations is that the Company continues to be exempt from federal income taxes by virtue of being a limited liability company pass-through entity. Management believes this tax position meets the more-likely-than-not threshold and, accordingly, the tax benefits of this income tax position (no income tax expense or liability) have been recognized for the period ended March 31, 2022.

The Company records income tax related interest and penalties as a component of the provision for income tax expense. No interest and penalties were recognized in the statement of operations for the period ended March 31, 2022.

The Company believes that there are no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within 12 months of the reporting date.

None of the Company's federal or state income tax returns are currently under examination by the Internal Revenue Service (IRS) or state authorities. However, fiscal year 2017 and forward remain subject to examination by the IRS and respective states.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions that, in the opinion of management of the Company, are significant include oil and natural gas reserves, amortization relating to oil and natural gas properties, impairment of proved oil and gas properties, asset retirement obligations and valuations of derivatives. The Company evaluates its estimates and assumptions on a regular basis. Estimates are based on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. In addition, alternatives can exist among various accounting methods. In such cases, the choice of accounting method can have a significant impact on reported amounts.

Concentrations of Credit Risk

The Company maintains cash balances at financial institutions in the United States of America, which exceed federally insured amounts. The Company has not experienced any losses in such accounts.

The Company had sales to five customers which accounted for 100% of both oil and gas revenues and oil and gas receivables as of March 31, 2022. All of the Company's production is located in Wyoming.

Environmental

The Company's operations are subject to risks normally incident to the exploration for and the production of oil and gas, including blowouts, fires, and environmental risks such as oil spills or gas leaks that could expose the Company to liabilities associated with these risks.

In the Company's acquisition of existing or previously drilled well bores, the Company may not be aware of what environmental safeguards were taken at the time such wells were drilled or during such time the wells were operated. The Company and the operator of the properties maintain comprehensive insurance coverage that the Company believes is adequate to mitigate the risk of any adverse financial effects associated with these risks.

However, should it be determined that a liability exists with respect to any environmental cleanup or restoration, the liability to cure such a violation could still fall upon the Company. No claim has been made, nor is the Company aware of any liability which the Company may have, as it relates to any environmental cleanup, restoration, or the violation of any rules or regulations relating thereto.

In addition, the Company is subject to extensive regulation at the federal and state levels that may materially affect its operations.

Asset Retirement Obligations

The Company follows ASC 410, *Asset Retirement and Environmental Obligations*. ASC 410 requires that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which a legal obligation is incurred and becomes determinable, with an offsetting increase in the carrying amount of the associated asset. The cost of the tangible asset, including the initially recognized ARO is depreciated such that the cost of ARO is recognized over the useful life of the asset. The ARO is recorded at fair value, and accretion expense will be recognized over time as the discounted liability is accreted to its expected settlement value. The fair value of the ARO is measured using expected future cash outflows discounted at the Company's credit-adjusted risk-free interest rate.

Inherent in the fair value calculation of ARO are numerous assumptions and judgments, including the ultimate settlement amounts, inflation factors, credit adjusted discount rates, timing of settlement, and changes in the legal, regulatory, environmental and political environments. To the extent future revisions to these assumptions impact the fair value of the existing ARO liability, a corresponding adjustment is made to the oil and gas property balance.

The following table is a roll-forward of the asset retirement obligations for the period ended March 31, 2022:

Asset retirement obligations, January 1, 2022	$	5,058,677
Accretion expense		88,527
Asset retirement obligations, March 31, 2022	$	5,147,204

Deferred Loan Costs

Debt issuance costs consist of fees incurred to secure debt financing and are amortized over the life of the related loans using the straight-line method. Amortization of debt issuance costs is recorded in interest expense in the consolidated statement of operations. The Company recognized amortization expense of $38,261 for the period ended March 31, 2022. Debt issuance costs are presented with the term loan facility, net, on the consolidated balance sheet, as a reduction of the carrying amount of the debt facility.

Note 3. Oil and Gas Operations

Capitalized costs related to the Company's producing activities and the related amounts of accumulated depreciation, depletion, amortization and impairment as of March 31, 2022, are as follows:

Oil and gas properties Proved	$	295,049,040
Less accumulated depreciation, depletion, amortization and impairment		(266,257,766)
Net oil and gas property costs	$	28,791,274

Depreciation, depletion and amortization expense for oil and gas properties was $558,891 for the three month period ended March 31, 2022.

Note 4. Fair Value Disclosure

The Company follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

ASC Topic 820 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. ASC Topic 820 provides a framework for measuring fair value, establishes a three level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date and requires consideration of the counterparty's creditworthiness when valuing certain assets.

Level 1 inputs: Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs: Inputs, other than quoted prices in active markets that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 inputs: Prices or valuations that require unobservable inputs that are both significant to the fair value measurement and unobservable. Valuation under Level 3 generally involves a significant degree of judgment from management.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value as of March 31, 2022:

	Level 1	Level 2	Level 3	Total
March 31, 2022				
Current assets (liability) - Derivative contracts	$ -	$ (3,037,533)	$ -	$ (3,037,533)

Fair Value on a Nonrecurring Basis

Asset Retirement Obligations

The asset retirement obligation estimates are derived from historical costs and management's expectation of future cost environments and, therefore, the Company has designated these liabilities as Level 3 measurements. The significant inputs to this fair value measurement include estimates of plugging, abandonment and remediation costs, well life, inflation and credit-adjusted risk free rate. See Note 2 for a reconciliation of the beginning and ending balances of the liability for the Company's asset retirement obligations.

Impairment expense is derived from a two-step process as discussed in Note 2. The inputs to the two-step process are based on oil and gas reserves which are calculated by a third party reserve engineer. Impairment to oil and gas properties are recognized on a nonrecurring basis as calculated using the two-step process.

Note 5. Long-Term Debt

On January 31, 2019, the Company refinanced its previous loan with another bank (New Loan). The New Loan bears interest at 5.18%, matures January 31, 2023, and is secured by all of the oil and gas properties. At March 31, 2022, the New Loan had an outstanding balance of $9,600,000 with a borrowing base of $9,900,000. The full amount of the loan was repaid subsequent to the period ended March 31, 2022.

The average interest rate was 4.75% for the period ended March 31, 2022.

Note 6. Commitments and Contingencies

As of March 31, 2022, there are no known environmental or other regulatory matters related to the Company's operations that are reasonably expected to result in a material liability to the Company. Compliance with environmental laws and regulations has not had, and is not expected to have, a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Since the Company's major products are commodities, changes in the prices of oil and natural gas could have a significant impact on the Company's results of operations in any particular year. The Company's liquidity is dependent on its operating performance, which is closely related to market conditions in the oil and gas industry, and its source of financing.

In the event that market conditions deteriorate, causing a decrease in operating profits, and the Company is unable to secure additional financing sources to fund its operations, additional development of oil and gas properties and other activities may be curtailed.

Note 7. Management Incentive Units

The Company has a Management Incentive Plan (the Incentive Plan) to award management incentive units (MIU's) to key employees and independent contractors of the Company, its Subsidiaries and Affiliates. The Incentive Plan is administered by the Company's Board of Managers (the Board) and is subject to termination, at any time, as determined by the Board. The maximum number of authorized MIUs under the Plan is 1,000,000. As of March 31, 2022, 650,000 MIUs have been issued. These MIUs vest and are conditioned upon a contingency event, in accordance with the terms of the Incentive Plan.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The unaudited pro forma condensed combined financial information and accompanying notes reflect the pro forma effects of:

(1) *Jonah Field Acquisition.* On April 1, 2022, Evolution Petroleum Corporation (the "Company" or "EPM") completed the acquisition of non-operated oil and natural gas assets in the Jonah Field in Sublette County, Wyoming (the "Jonah Field Properties") from Exaro Energy III LLC (“Exaro” or the "Seller"), for a final purchase price of $27.5 million, which included preferential rights exercised by Jonah Energy, the operator of the assets, and before customary purchase price adjustments (the "Jonah Field Acquisition"). The Jonah Field Acquisition had an effective date of February 1, 2022.

(2) *Financing.* The Jonah Field Acquisition was funded with cash on hand and a draw of $17.0 million on the Company’s existing bank facility.

(3) *Williston Basin Acquisition.* On January 14, 2022, the Company completed the acquisition of non-operated oil and natural gas assets in the Williston Basin (the "Williston Properties") from Foundation Energy Fund VII-A, LP and Foundation Energy Management, LLC (collectively "FEM"), for $25.9 million, net of preliminary purchase price adjustments (the "Williston Acquisition"). The Williston Acquisition had an effective date of June 1, 2021. The Williston Acquisition was funded with cash on hand and a draw of $16.0 million on the Company’s existing bank facility.

(4) *Barnett Shale Acquisition*. On May 7, 2021, the Company completed the acquisition of non-operated oil and gas assets in the Barnett Shale (“the Barnett Properties”) from TG Barnett Resources, LP (“TGBR”), a wholly owned subsidiary of Tokyo Gas Americas, Ltd. (“Tokyo Gas”). The final purchase price for the transaction, including purchase price adjustments, was $17.4 million in cash, with an effective date of January 1, 2021. The Barnett Properties were funded with cash on hand and a draw on the Company's existing bank facility.

The unaudited pro forma condensed combined balance sheet at March 31, 2022 presented below includes the Company’s historical condensed consolidated balance sheet at March 31, 2022, and was prepared as if the Jonah Field Acquisition and related financing had occurred on March 31, 2022. The Williston Basin Acquisition closed on January 14, 2022 and the Barnett Shale Acquisition occurred in fiscal year 2021 and as a result, the transactions have been reflected in the latest condensed consolidated balance sheet as of March 31, 2022. The unaudited pro forma condensed combined statements of operations for the nine months ended March 31, 2022 and the twelve months ended June 30, 2021 presented below have been prepared based on the Company’s historical consolidated statements of operations for such periods, and were prepared as if the Jonah Field Acquisition, the Williston Basin Acquisition, the Barnett Shale Acquisition and related financings had occurred on July 1, 2020.

Final working capital and other post-closing adjustments have not been reflected in these unaudited pro forma condensed combined financial statements. Further, the initial accounting for the Jonah Field Acquisition is not complete and adjustments to estimated amounts, or recognition of additional assets acquired, or liabilities assumed, may occur as more detailed reviews and valuations are completed and additional information is obtained about the facts and circumstances that existed as of the acquisition date. Additionally, the unaudited pro forma condensed combined financial statements do not reflect costs of integration activities or benefits that may result from other efficiencies.

The pro forma data is based on assumptions and include adjustments as explained in the notes herein. The historical financial statements may be adjusted in the unaudited pro forma financial statements to give pro forma effect to provide for certain transaction accounting adjustments reflecting only the application of required accounting for the transactions ("Transaction Accounting Adjustments"). The Company has not included any Management Adjustments as defined under Release No. 33- 10786. The unaudited pro forma condensed combined financial information should be read together with (i) the Company’s Annual Report on Form 10-K for the year ended June 30, 2021; (ii) the Company’s Quarterly Report on Form 10-Q for period ended March 31, 2022; (iii) the audited consolidated financial statements of Exaro for the years ended December 31, 2021 and 2020 filed as Exhibit 99.1 to this Current Report on Form 8-K/A; and (iv) the unaudited condensed consolidated financial statements for the three months ended March 31, 2022 filed as Exhibit 99.2 to this Current Report on Form 8-K/A, of which this Exhibit 99.3 is a part. Additionally, refer to the Current Reports on Form 8-K/A filed on March 30, 2022 and July 21, 2021 for pro forma financial information presented in connection with the Williston Basin Acquisition and the Barnett Shale Acquisition, respectively.

Note that because depletion is recalculated under full cost rules to give cumulative effect to all acquisitions of oil and natural gas properties, the pro forma financial information presented herein may not be directly comparable to pro forma financial information giving effect only to earlier transactions.

The pro forma financial information does not purport to represent what the Company's actual consolidated results of operations or financial position would have been had the events and transactions occurred on the dates assumed, nor is it necessarily indicative of the Company's future financial condition or consolidated results of operations. Also, due to the preferential rights exercised by Jonah Energy, the operator of the assets, the Company only purchased certain oil and natural gas properties of Exaro. As such the historical consolidated financial statements of Exaro, filed as Exhibit 99.1 and 99.2 to this Current Report on Form 8-K/A, may not be directly comparable to the proforma financial information presented in the tables below.

	Evolution Petroleum Corporation Unaudited Pro Forma Condensed Combined Balance Sheet As of March 31, 2022		
	EPM Historical	Jonah Field Acquisition (a)	EPM Pro Forma
	(In thousands, except share and per share amounts)		
Assets			
Current assets			
Cash and cash equivalents	$ 13,369	$ (10,874)	$ 2,495
Receivables from oil, natural gas, and natural gas liquids sales	15,340	-	15,340
Receivables for federal and state income tax refunds	2,312	-	2,312
Prepaid expenses and other current assets	1,116	-	1,116
Total current assets	32,137	(10,874)	21,263
Property and equipment, net of depletion, depreciation, amortization, and impairment			
Oil and natural gas properties, net—full-cost method of accounting, of which none were excluded from amortization	82,559	29,684	112,243
Other property and equipment, net	7	-	7
Total property and equipment, net	82,566	29,684	112,250
Other assets, net	1,504	1,150	2,654
Total assets	$ 116,207	$ 19,960	136,167
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable	$ 13,293	-	$ 13,293
Accrued liabilities and other	906	-	906
Derivative contract liabilities	2,398	-	2,398
State and federal income taxes payable	181	-	181
Total current liabilities	16,778	-	16,778
Long term liabilities			
Senior secured credit facility	20,000	17,000	37,000
Deferred income taxes	6,357	-	6,357
Asset retirement obligations	8,312	2,960	11,272
Operating lease liability	-	-	-
Total liabilities	51,447	19,960	71,407
Commitments and contingencies			
Stockholders' equity			
Common stock; par value $0.001; 100,000,000 shares authorized; 33,719,621 shares issued and outstanding as of March 31, 2022	34	-	34
Additional paid-in capital	43,371	-	43,371
Retained earnings	21,355	-	21,355
Total stockholders' equity	64,760	-	64,760
Total liabilities and stockholders' equity	$ 116,207	$ 19,960	$ 136,167

See accompanying notes to unaudited pro forma condensed combined financial information.

Evolution Petroleum Corporation
Unaudited Pro Forma Condensed Combined Statement of Operations
For Nine Months Ended March 31, 2022

	EPM Historical	Exaro Energy III LLC Historical	Preferential Rights Not Acquired	Jonah Field Acquisition Historical	Williston Basin Acquisition Historical	Transaction Accounting Adjustments	EPM Pro Forma
	(In thousands, except per share amounts)						
Revenues							
Crude oil	$ 34,309	$ 2,699(a)	$ (265)(b)	$ 2,434(c)	$ 6,231(d)	$ -	$ 42,974
Natural gas	20,699	22,091(a)	(2,923)(b)	19,168(c)	216(d)	-	40,083
Natural gas liquids	11,899	2,003(a)	(169)(b)	1,834(c)	433(d)	-	14,166
Total revenues	66,907	26,793	(3,357)	23,436	6,880	-	97,223
Operating costs							
Lease operating costs	31,380	9,548(a)	(826)(b)	8,722(c)	2,622(d)	-	42,724
Depreciation, depletion, and amortization	4,489	-	-	-	-	1,797(e)	6,286
General and administrative expenses	5,278	-	-	-	-	-	5,278
Total operating costs	41,147	9,548	(826)	8,722	2,622	1,797	54,288
Income (loss) from operations	25,760	17,245	(2,531)	14,714	4,258	(1,797)	42,935
Other income and expenses							
Net (loss) gain on derivative contracts	(2,591)	-	-	-	-	-	(2,591)
Interest and other income	12	-	-	-	-	-	12
Interest expense	(272)	-	-	-	-	(652)(f)	(924)
Income (loss) before income taxes	22,909	17,245	(2,531)	14,714	4,258	(2,449)	39,432
Income tax provision (benefit)	5,152	-	-	-	-	3,675(g)	8,827
Net income (loss) attributable to common stockholders	$ 17,757	$ 17,245	$ (2,531)	$ 14,714	$ 4,258	$ (6,124)	$ 30,605
Earnings (loss) per common share:							
Basic	$ 0.53						$ 0.91
Diluted	$ 0.52						$ 0.90
Weighted average number of common shares outstanding							
Basic	32,933						32,933
Diluted	33,258						33,258

See accompanying notes to unaudited pro forma condensed combined financial information.

Evolution Petroleum Corporation
Unaudited Pro Forma Condensed Combined Statement of Operations
For Twelve Months Ended June 30, 2021

	EPM Historical	Exaro Energy III LLC Historical	Preferential Rights Not Acquired	Jonah Field Acquisition Historical	Williston Basin Acquisition Historical	Barnett Shale Acquisition Historical	Transaction Accounting Adjustments	EPM Pro Forma
	(In thousands, except per share amounts)							
Revenues								
Crude oil	$ 26,411	$ 2,608(a)	$ (284)(b)	$ 2,324(c)	$ 9,617(d)	$ 415(e)	$ -	$ 38,767
Natural gas	2,629	15,593(a)	(1,843)(b)	13,750(c)	242(d)	11,323(e)	-	27,944
Natural gas liquids	3,662	1,379(a)	(163)(b)	1,216(c)	513(d)	6,128(e)	-	11,519
Total revenues	32,702	19,580	(2,290)	17,290	10,372	17,866	-	78,230
Operating costs								
Lease operating costs	16,587	11,532(a)	(1,621)(b)	9,911(c)	5,281(d)	15,011(e)	-	46,790
Depreciation, depletion, and amortization	5,167	-	-	-	-	-	7,346(f)	12,513
Impairment of proved property	24,792	-	-	-	-	-	12,570(g)	37,362
Impairment of Well Lift Inc. - related assets	146	-	-	-	-	-	-	146
General and administrative expenses	6,755	-	-	-	-	-	-	6,755
Total operating costs	53,447	11,532	(1,621)	9,911	5,281	15,011	19,916	103,566
Income (loss) from operations	(20,745)	8,048	(669)	7,379	5,091	2,855	(19,916)	(25,336)
Other income and expenses								
Net (loss) gain on derivative contracts	(615)	-	-	-	-	-	-	(615)
Interest and other income	39	-	-	-	-	-	-	39
Interest expense	(103)	-	-	-	-	-	(1,107)(h)	(1,210)
Income (loss) before income taxes	(21,424)	8,048	(669)	7,379	5,091	2,855	(21,023)	(27,122)
Income tax provision (benefit)	(4,984)	-	-	-	-	-	(1,328)(i)	(6,312)
Net income (loss) attributable to common stockholders	$ (16,440)	$ 8,048	$ (669)	$ 7,379	$ 5,091	$ 2,855	$ (19,695)	$ (20,810)
Earnings (loss) per common share:								
Basic	$ (0.50)							$ (0.64)
Diluted	$ (0.50)							$ (0.64)
Weighted average number of common shares outstanding								
Basic	32,744							32,744
Diluted	32,744							32,744

See accompanying notes to unaudited pro forma condensed combined financial information.

Notes to Unaudited Pro Forma Condensed Combined Financial Information

(1) Basis of Pro Forma Presentation

The historical financial information is derived from the historical consolidated financial statements of the Company, and the historical consolidated financial statements of the Jonah Field Properties (which are based on information provided by Exaro), and the historical statements of revenues and direct operating expenses for the Williston Properties (which are based on information provided by FEM), and the Barnett Properties (which are based on information provided by Tokyo Gas). The unaudited pro forma condensed combined balance sheet at March 31, 2022 was prepared based on the Company's historical consolidated balance sheet at March 31, 2022, and was prepared as if the Jonah Field Acquisition and related financing had occurred on March 31, 2022. The unaudited pro forma condensed combined statements of operations were prepared assuming the Jonah Field Acquisition, the Williston Basin Acquisition, the Barnett Shale Acquisition and related financing transactions occurred on July 1, 2020.

The unaudited pro forma condensed combined financial statements and underlying pro forma adjustments are based upon currently available information and certain estimates and assumptions made by the Company's management; therefore, actual results could differ materially from the pro forma information. However, management believes the assumptions provide a reasonable basis for presenting the significant effects of the Jonah Field Acquisition, the Williston Basin Acquisition, the Barnett Shale Acquisition and related financing transactions. Note that because depletion and the full cost ceiling test impairment is recalculated under full cost rules to give cumulative effect to all acquisitions of evaluated oil and natural gas properties, the pro forma financial information presented herein may not be directly comparable to pro forma financial information giving effect only to earlier transactions. These unaudited pro forma condensed combined financial statements are provided for illustrative and informational purposes only and are not intended to represent or be indicative of what the Company's results of operations would have been had the Jonah Field Acquisition, the Williston Basin Acquisition and the Barnett Shale Acquisition occurred as of or on the dates indicated. The unaudited pro forma financial statements also should not be considered representative of our future results of operations.

(2) Pro Forma Adjustments

Balance Sheet. The unaudited pro forma condensed combined balance sheet at March 31, 2022 reflects the following adjustments:

(a) Adjustments reflect the consideration paid, certain acquired deposits and assumed asset retirement obligations. The Jonah Field Acquisition was funded with cash on hand and a draw of $17.0 million on the Company's existing bank facility. At closing, the Company also recorded a $1.2 million long-term gas gathering deposit with Enterprise Products.

The Jonah Field Acquisition qualifies as an asset acquisition, and in accordance with the Financial Accounting Standards Board's ("FASB") authoritative guidance on asset acquisitions, the Company allocated the cost of the acquisition to the assets acquired and liabilities assumed based on a relative fair value basis of the assets acquired and liabilities assumed, with no recognition of goodwill or bargain purchase gain recorded. Incremental legal and professional fees related directly to the Jonah Field Acquisition were capitalized as part of the Jonah Field Acquisition cost. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Fair value measurements also utilize market assumptions of market participants.

The Company used a discounted cash flow model to calculate the relative fair value of oil and natural gas properties and asset retirement obligations ("ARO"). The fair value measurements of assets acquired and liabilities assumed are based on inputs that are not observable in the market and therefore represent Level 3 inputs. Significant inputs to the valuation of oil and natural gas properties include estimates of i) quantities of oil and natural gas reserves, ii) future commodity prices, iii) future operating and development costs, iv) projections of future timing and rates of production, v) expected recovery rates and vi) a market-based weighted average cost of capital rate. These inputs require significant judgments and estimates.

Estimating the future ARO requires management to make estimates and judgments regarding timing and existence of a liability, as well as what constitutes adequate restoration. Inherent in the fair value calculation are numerous assumptions and judgments including the ultimate costs, inflation factors, credit adjusted discount rates, timing of settlement and changes in the legal, regulatory, environmental, and political environments.

The Company estimates the fair value of the Jonah Field Acquisition to be approximately $27.6 million, which the Company considers to be representative of the price paid by a typical market participant. The acquisition costs were approximately $0.2 million and were capitalized to oil and natural gas properties as part of the Jonah Field Acquisition cost. The Jonah Field Acquisition is not considered a taxable transaction; therefore, no deferred tax amounts were recognized at the acquisition date as the tax basis of the assets acquired and liabilities assumed were the same as book basis.

The following table summarizes the consideration paid for the Jonah Field Acquisition and the relative fair value of the assets acquired and liabilities assumed as of April 1, 2022 (in thousands). The cost allocation is preliminary and subject to adjustments, as the final closing will be complete during the fourth fiscal quarter of 2022.

Cost allocation:		
Cash consideration given to Exaro	$	27,637
Cash paid for legal and professional fees		237
	$	27,874
Relative fair value of assets acquired and liabilities assumed:		
Proved developed properties	$	29,684
Other assets		1,150
Asset retirement obligations		(2,960)
	$	27,874

Statements of Operations. The unaudited pro forma condensed combined statements of operations for the nine months ended March 31, 2022 reflect the following adjustments:

(a) Historical revenues and direct operating expenses of the oil and natural gas properties of Exaro Energy III LLC for the nine months ended March 31, 2022.

(b) Adjustments to legacy Exaro financial information has been presented for the portion of Exaro's assets the Company did not purchase. Jonah Energy, the operator of the Jonah Field Properties, exercised their preferential rights to acquire certain oil and natural gas properties from Exaro.

(c) Historical revenues and direct operating expenses of the oil and natural gas properties acquired in the Jonah Field Acquisition for the nine months ended March 31, 2022.

(d) Historical revenues and direct operating expenses of the oil and natural gas properties acquired in the Williston Basin Acquisition for the period July 1, 2021 through January 13, 2022 (the period the Company did not own the Williston Basin Properties and is not already included in the historical EPM statement of operations).

(e) Depreciation, depletion and amortization ("DD&A") and accretion expense related to the Jonah Field Properties and Williston Properties. DD&A was calculated using the unit-of-production method under the full cost method of accounting, and adjusts DD&A for (1) the increase in DD&A reflecting the relative fair values and production volumes attributable to the Jonah Field Properties and Williston Properties and (2) the revision to the Company's DD&A rate reflecting the reserve volumes acquired in the Jonah Field Acquisition. The pro forma average DD&A rate is $2.57 per BOE for the nine months ended March 31, 2022. This adjustment also includes the accretion expense on ARO of $0.3 million attributable to the Jonah Field Properties and Williston Properties for the nine months ended March 31, 2022.

(f) Interest expense associated with the borrowings under the Company's senior secured credit facility related to the Jonah Field Acquisition and Williston Basin Acquisition.

(g) Income tax expense for the nine months ended March 31, 2022 was recorded at 22.24% of pre-tax net income. The effective tax rate applied to the pro forma adjustments for the nine months ended March 31, 2022 was consistent with the statutory tax rate applicable to the U.S. and the blended state rate for the states in which the Company conducts business.

Statements of Operations. The unaudited pro forma condensed combined statements of operations for the twelve months ended June 30, 2021 reflect the following adjustments:

(a) Historical revenues and direct operating expenses of the oil and natural gas properties of Exaro Energy III LLC for the twelve months ended June 30, 2021.

(b) Adjustments to legacy Exaro financial information has been presented for the portion of Exaro’s assets the Company did not purchase. Jonah Energy, the operator of the Jonah Field Properties, exercised their preferential rights to acquire certain oil and natural gas properties from Exaro.

(c) Historical revenues and direct operating expenses of the Jonah Field Properties acquired from Exaro for the twelve months ended June 30, 2021. The Company and the Jonah Field Properties historically have had different fiscal year ends, as such the rolling twelve-month period ended June 30, 2021 for the Jonah Field Properties was included in these unaudited pro forma condensed combined statements of operations.

(d) Historical revenues and direct operating expenses of the Williston Properties acquired from FEM for the twelve months ended September 30, 2021. The Company and the Williston Properties historically have had different fiscal year ends, as such the latest twelve-month period available for the Williston Properties was included in these unaudited pro forma condensed combined statements of operations.

(e) Historical revenues and direct operating expenses of the Barnett Properties from Tokyo Gas for the period July 1, 2020 through the May 6, 2021 (the period the Company did not own the Barnett Properties).

(f) Depreciation, depletion and amortization (“DD&A”) and accretion expense related to the Jonah Field Properties, Williston Properties and Barnett Properties. DD&A was calculated using the unit-of-production method under the full cost method of accounting and adjusts DD&A for (1) the increase in DD&A reflecting the relative fair values and production volumes attributable to the Jonah Field Properties, Williston Properties and Barnett Properties and (2) the revision to the Company’s DD&A rate reflecting the reserve volumes acquired in the acquisitions. The pro forma average DD&A rate is $3.67 per BOE for the year ended June 30, 2021. This adjustment also includes the accretion expense on ARO of $0.6 million attributable to the Jonah Field Properties, Williston Properties and Barnett Properties for the twelve months ended June 30, 2021.

(g) Adjustments to the proved property impairment expense related to the addition of the Jonah Field Properties, Williston Properties and Barnett Properties, including their respective asset retirement obligations. The ceiling impairment test was calculated under the full cost method of accounting and adjusts the proved property impairment for the year ended June 30, 2021. The Company's historical full cost ceiling impairment was driven by the decline in SEC pricing, calculated as the unweighted arithmetic average first-day-of-the-month prices for the prior twelve months. Because the full cost ceiling test is recalculated under full cost rules to give cumulative effect to all acquisitions of oil and natural gas properties, the pro forma financial information presented herein may not be directly comparable to pro forma financial information giving effect only to earlier transactions.

(h) Interest expense associated with the borrowings under the Company's existing senior secured credit facility related to the Jonah Field Acquisition, Williston Basin Acquisition, and the Barnett Shale Acquisition.

(i) Income tax expense for the twelve months ended June 30, 2021 was recorded at 23.3% of pre-tax net income. The effective tax rate applied to the pro forma adjustments for the twelve months ended June 30, 2021 was consistent with the statutory tax rate applicable to the U.S. and the blended state rate for the states in which the Company conducts business.

(3) Supplemental Oil and Gas Reserve Information

Estimated Quantities of Proved Oil and Natural Gas Reserves

The tables below summarize the Company's historical estimated net proved reserves at June 30, 2021 based on reports prepared by DeGolyer and MacNaughton ("D&M"), the Company's independent reserve engineers. The estimated net proved reserves for the Jonah Field Properties and the Williston Properties were prepared by Netherland, Sewell & Associates, Inc. ("NSAI"), independent reserve engineers engaged by the Company for such purpose. NSAI evaluated 100% of the reserves and discounted values in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to companies involved in oil and natural gas producing activities.

In addition, the following tables also set forth information about the estimated net proved reserves attributable to the Jonah Field Acquisition and Williston Basin Acquisition and the pro forma estimated net proved reserves as if these events had occurred on July 1, 2020. The acquired reserve estimates for the Jonah Field Properties and Williston Properties presented in the table below were prepared as of March 31, 2022 and September 30, 2021, respectively, by the Company's reserve engineers, in accordance with the authoritative guidance of the FASB and the SEC on oil and natural gas reserve estimation and disclosures. The actual reserve estimates were prepared using SEC pricing, calculated as the unweighted arithmetic average first-day-of-the-month prices for the prior twelve months, which was $49.72/Bbl for oil and $2.46/MMBtu for natural gas for the twelve months ended June 30, 2021. The prices were adjusted by lease for quality, transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the wellhead. The reserves related to the Barnett Properties are already included in the historical reserves of EPM as the transaction closed on May 7, 2021.

Reserve estimates are inherently imprecise and are generally based upon extrapolation of historical production trends, analogy to similar properties and volumetric calculations. Accordingly, reserve estimates are expected to change, and such changes could be material and occur in the near term as future information becomes available.

	Crude Oil (MBbl)			
	EPM Historical	**Jonah Field Acquired Reserves**	**Williston Basin Acquired Reserves**	**EPM Pro Forma Combined**
Net proved reserves				
Net proved reserves at July 1, 2020	8,226	303	1,204	9,733
Revisions of previous estimates	662	52	505	1,219
Extensions, discoveries and other additions	—	—	—	—
Acquisitions of reserves	87	—	—	87
Production	(555)	(52)	(178)	(785)
Net proved reserves at June 30, 2021	8,420	303	1,531	10,254
Proved developed reserves, June 30, 2021	**6,815**	**303**	**1,531**	**8,649**
Proved undeveloped reserves, June 30, 2021	**1,605**	**—**	**—**	**1,605**

	Natural Gas (MMcf)			
	EPM Historical	**Jonah Field Acquired Reserves**	**Williston Basin Acquired Reserves**	**EPM Pro Forma Combined**
Net proved reserves				
Net proved reserves at July 1, 2020	—	27,461	961	28,422
Revisions of previous estimates	—	5,249	348	5,597
Extensions, discoveries and other additions	—	—	—	—
Acquisitions of reserves	49,534	—	—	49,534
Production	(963)	(5,087)	(87)	(6,137)
Net proved reserves at June 30, 2021	48,571	27,623	1,222	77,416
Proved developed reserves, June 30, 2021	**48,571**	**27,623**	**1,222**	**77,416**
Proved undeveloped reserves, June 30, 2021	**—**	**—**	**—**	**—**

	Natural Gas Liquids (MBbl)			
	EPM Historical	Jonah Field Acquired Reserves	Williston Basin Acquired Reserves	EPM Pro Forma Combined
Net proved reserves				
Net proved reserves at July 1, 2020	1,993	309	214	2,516
Revisions of previous estimates	93	66	99	258
Extensions, discoveries and other additions	—	—	—	—
Acquisitions of reserves	4,957	—	—	4,957
Production	(171)	(57)	(20)	(248)
Net proved reserves at June 30, 2021	6,872	318	293	7,483
Proved developed reserves, June 30, 2021	**6,663**	**318**	**293**	**7,274**
Proved undeveloped reserves, June 30, 2021	**209**	—	—	**209**

Changes in commodity prices may significantly impact the Company's estimates of oil and natural gas reserves. Sustained lower commodity prices can reduce the quantity of the Company's reserves by causing the economic limit of the proved developed and proved undeveloped wells (the point at which the costs to operate exceed the value of estimated future production, assuming constant prices and costs under SEC rules) to occur earlier in their productive lives than would be the case with higher prices. The undeveloped reserves may also be reduced by the elimination of wells because they would not meet the investment criteria to be economically producible at such prices and costs. The proved undeveloped reserves may also be eliminated by the deferral of drilling of otherwise economic wells beyond the five year proved reserve development horizon as a result of revisions to the Company's development plan adopted in response to lower prices or otherwise.

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves

The following table presents the Standardized Measure of Discounted Future Net Cash Flows relating to the proved oil and natural gas reserves of the Company and of the Jonah Field Properties and the Williston Properties acquired in their respective acquisitions on a pro forma combined basis as of June 30, 2021. The Standardized Measure shown below represents estimates only and should not be construed as the current market value of the Company's estimated oil and natural gas reserves or those estimated oil and natural gas reserves attributable to the Jonah Field Properties and the Williston Properties acquired.

	June 30, 2021			
	EPM Historical	Jonah Field Acquired Reserves	Williston Basin Acquired Reserves	EPM Pro Forma Combined
	(in thousands)			
Future cash inflows	$ 632,620	$ 99,941	$ 87,995	$ 820,556
Future production costs and severance taxes	(398,022)	(74,700)	(50,411)	(523,133)
Future development costs	(29,339)	(7,007)	(5,448)	(41,794)
Future income tax expenses	(42,368)	(633)	(3,569)	(46,570)
Future net cash flows	162,891	17,601	28,567	209,059
10% annual discount for estimating timing of cash flows	(75,308)	(3,834)	(9,586)	(88,728)
Standardized Measure of discounted future net cash flows	$ 87,583	$ 13,767	$ 18,981	$ 120,331

Pro forma income tax expense reflects expense on the combined future net cash flows based on the Company's estimated effective tax rate, after giving effect to the pro forma transactions. The Company's effective tax rate differs from the 21% federal statutory rate primarily as a result of the effect of the statutory rates for the states in which the Company conducts business.

The following table sets forth the changes in Standardized Measure of discounted future net cash flows applicable to estimated net proved oil and natural gas reserves of the Company and of the Jonah Field Properties and the Williston Properties acquired in their respective acquisitions on a pro forma combined basis as of June 30, 2021:

	June 30, 2021			
	EPM Historical	**Jonah Field Acquired Reserves**	**Williston Basin Acquired Reserves**	**EPM Pro Forma Combined**
	(in thousands)			
Proved reserves at July 1, 2020	$ 62,491	$ 10,019	$ 9,444	$ 81,954
Net changes in sales prices and production costs related to future production	11,538	10,611	8,972	31,121
Changes in estimated future development costs	403	—	—	403
Sales of oil and natural gas produced during the period, net of production costs	(16,115)	(10,872)	(4,703)	(31,690)
Net change due to extensions, discoveries, and improved recovery	—	—	—	—
Purchases of reserves in place*(1)*	31,461	—	—	31,461
Sales of reserves in place	—	—	—	—
Net change due to revisions in quantity estimates	6,841	3,317	8,300	18,458
Development cost incurred during the period	—	—	—	—
Net change in discounted income taxes	(10,678)	(498)	(2,597)	(13,773)
Accretion of discount	7,529	1,002	944	9,475
Net changes in timing of production and other	(5,887)	188	(1,379)	(7,078)
Proved reserves at June 30, 2021	$ 87,583	$ 13,767	$ 18,981	$ 120,331

(1) The Barnett Properties are included in "Purchases of reserves in place" in the Company's historical reserves as of June 30, 2021.